



UNITED STATES SENATE
**REPUBLICAN
POLICY COMMITTEE**

Larry E. Craig, Chairman
Jade West, Staff Director

July 18, 2002

Daschle's Scheme Exposed

Medicare Reform Effort 'Scripted For Failure'

Politics is trumping policy in the pending Medicare prescription drug debate. In a cynical move to ensure that the favored bipartisan prescription drug plan fails, Majority Leader Daschle has structured the process to ensure that no prescription drug plan passes the Senate this year. As Conference Committee Chairman Rick Santorum noted on the Senate floor July 16, the process has been "scripted for failure."

The Majority Leader's apparent goal is to ensure that a prescription drugs plan remains a potent political issue for November. As *The Wall Street Journal* observed in its July 17 editorial, "Without the support of one Republican Senator or even [Senator] Jim Jeffords, the Democratic plan has zero chance of success. But all Mr. Daschle wants to do is start proclaiming how 'disappointed' he is that the GOP won't let Grandma have her drugs, so he'll have the issue alive come November."

In the meantime, the bipartisan effort to create a Medicare prescription drug benefit will be pushed off for another year, almost certainly forcing seniors to wait yet again for prescription drug benefits under Medicare.

How did we arrive at this destination?

Step One: Daschle Refused to Bring Up a Budget Resolution

The debate over prescription drugs highlights why adopting an annual budget is critical to managing revenue and spending bills on the Senate floor. Had Senator Daschle been serious about enacting a drug benefit this year, he would have brought a budget to the floor this spring that either:

- **Included Reconciliation Instructions** to the Finance Committee to report out Medicare prescription drug legislation by a certain date; or
- **Included a Reserve Fund** that creates room under the budget for a Finance Committee-reported bill that creates a Medicare prescription drug benefit.

Through either mechanism, the competing prescription drug proposals could be adopted with simple 51-vote majorities. They would not face the threat of 60-vote points of order that confront all

the proposals to be debated this month. Republicans adopted a budget last year when they ran the Senate. That budget set aside \$300 billion for a prescription drug benefit. The critical part of the budget stated:

SEC. 203. RESERVE FUND FOR PRESCRIPTION DRUGS AND

MEDICARE REFORM IN THE SENATE: If the Committee on Finance of the Senate reports a bill or joint resolution, or a conference report thereon is submitted, which reforms the medicare program under title XVIII of the Social Security Act (42 U.S.C. 1395 et seq.) and improves the access of beneficiaries under that program to prescription drugs, the chairman of the Committee on the Budget of the Senate may revise committee allocations for the Committee on Finance and other appropriate budgetary aggregates and allocations of new budget authority (and the outlays resulting therefrom) in this resolution by the amount provided by that bill, joint resolution, or conference report, but not to exceed \$300,000,000,000 for the period of fiscal years 2002 through 2011. The total adjustment made under this section for any fiscal year may not exceed the Congressional Budget Office's estimate of the President's medicare reform and prescription drug plan (or, if such a plan is not submitted in a timely manner, the Congressional Budget Office's estimate of a comparable plan submitted by the chairman of the Committee on Finance).

At the time, both Republicans and Democrats agreed that \$300 billion was an appropriate amount with which to create a prescription drug benefit. During the debate on the Senator floor, Senator Bob Graham stated, "Apparently, we have now agreed that it is going to take in the range of \$300 billion over 10 years to have a credible prescription drug benefit. That's a significant advance."

This year, Senator Daschle chose not to consider a budget. That means the Senate is still operating under the restrictions of last year's budget, including the Medicare reserve fund language and its two primary restrictions – 1) that the legislation must be reported out of the Finance Committee and 2) that it must cost less than \$300 billion through 2011. The legislation now being championed by Senator Daschle fits neither of those criteria. It hasn't been reported by Finance, and it likely costs twice as much as allocated in the budget. Due to these failings, it is subject to a 60-vote Budget Act point of order.

Step Two: Daschle Skipped the Finance Committee

In bypassing the Finance Committee, Senator Daschle is violating one tradition of the Senate while creating a second all his own. The tradition he has created is his practice of ignoring, shutting out, and/or stomping all over his Finance Committee chairman, Senator Baucus. During Senator Daschle's tenure as Majority Leader, almost every major bill under the Finance Committee's jurisdiction has been routed around the committee and directly to the floor, in several instances over Senator Baucus's very vocal objections.

The long-held Senate tradition the Majority Leader is violating is the practice of moving major Medicare reforms through the Finance Committee. Senator Frist's office asked CRS to list the major reforms to Medicare passed by Congress over the past 20 years, demonstrating that the Finance Committee historically has helped draft virtually all the major Medicare reforms. The following bills reforming Medicare did, according to CRS, go through the Finance Committee: Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA); Social Security Amendments of 1983; Deficit Reduction Act of 1984 (DEFRA); Budget reconciliation acts of both 1985 and 1986; Medicare and Medicaid Patient and Program Protection Act of 1987; Budget reconciliation of 1987 (OBRA); Medicare Catastrophic Coverage Act of 1988; Budget reconciliation acts of 1989, 1990, and 1993; Balanced Budget Act (BBA) of 1995 (vetoed); BBA of 1997; and the Medicare, Medicaid, and SCHIP Adjustment Act of 1999.

A Process Guaranteed to Fail

Senator Daschle has established a debate framework guaranteed to ensure legislative failure. As Senator Santorum observed on the Senate floor July 16, "We are playing politics. Why? Because any bill that is offered in the Senate that provides a prescription drug benefit for seniors will be subject to a 60-vote point of order." Senator Daschle knows that none of the current proposals is likely to garner the necessary 60 votes. He is personally opposed to the one plan that has the best chance.

As a result, seniors have almost no chance of seeing a Medicare prescription drug plan adopted this year. Instead, they will see a cynical exercise designed to prolong the issue rather than enact policy. Senator Santorum summed it up nicely: "This bill is about the November election. This is not about providing prescription drugs for seniors."

Written by Brian Reardon, 224-2946

Editor's Note: CRS noted that not all the major Medicare reform bills have passed the Senate as individual entities: In 2000, Congress passed the "Medicare, Medicaid and SCHIP Benefits Improvement and Protection Act (BIPA)," which by itself did not come before the Senate for a vote before being incorporated into the consolidated appropriations act; yet the Finance Committee still was an active player on the legislation, which was formed as the result of an agreement with the House committees of jurisdiction and the Finance Committee to comport with the new Medicare spending levels provided in the FY2001 budget resolution.